

A RESOLUTION BY

TRANSPORTATION COMMITTEE

05- 2-0687

A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A CONCESSION LEASE AGREEMENT WITH KELLE COMMUNICATIONS GROUP, INC., FOR FC-7708-04, PUBLIC PAY PHONES CONCESSIONS, TO INSTALL, MAINTAIN AND REPAIR PUBLIC PAY TELEPHONES, PRE-PAID CALLING CARD MACHINES, AND DOLLAR-CHANGE MAKING MACHINES, AT HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta ("**City**") owns and operates the Hartsfield-Jackson Atlanta International Airport ("**Airport**"); and

WHEREAS, the City did solicit proposals for **FC-7708-04, Public Pay Telephones Concessions**, on behalf of the Department of Aviation ("**DOA**"), for a qualified Pay Telephone Firm to provide the traveling public with services such as: public pay telephones, pre-paid calling card machines and dollar-change making machines; and

WHEREAS, on September 1, 2004, Verizon Communications and Kelle Communications Group submitted proposals in response to the Request for Proposal ("**RFP**"); and

WHEREAS, the Concession Lease Agreement for the premises will have an initial term of five (5) years; with an exclusive one five (5) year renewal option that the City may exercise; and

WHEREAS, Kelle Communications Group was determined to be the most qualified, responsive and responsible proponent; and

WHEREAS, it is in the best financial and other interests of the City to enter into a Concession Lease Agreement with Kelle Communications Group; and

WHEREAS, the Airport General Manager and the Chief Procurement Officer have recommended that the Concession Lease Agreement for FC-7708-04, Public Pay Telephones, be awarded to Kelle Communications Group.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, that the Mayor or her designee be and hereby is authorized to award and execute a Concession Lease Agreement between the City of Atlanta and Kelle Communications Group, for FC-7708-04, Public Pay Telephone Concessions for a term of five (5) years with one (1) five (5) year renewal at the City's option.

BE IT FURTHER RESOLVED, that the City Attorney be and hereby is directed to prepare said Concession Lease Agreement for execution by the Mayor, to be approved as to form by the City Attorney.

BE IT FINALLY RESOLVED, that said agreement shall not become binding upon the City and the City shall incur no liability upon same until such Concession Lease Agreement has been executed by the Mayor or her designee and delivered to Kellee Communications Group.

(DOP/CCB/03-21-05)

**Hartsfield Atlanta
International Airport**



**Shirley Franklin
Mayor**

**Benjamin R. DeCosta
Aviation General Manager**

DATE: February 24, 2005

TO: Adam L. Smith, Chief Procurement Officer
Department of Procurement

FROM: Benjamin R. DeCosta, General Manager
Department of Aviation *Ben*

SUBJECT: FC-7708-04 – Public Pay Telephone Concessions

CITY OF ATLANTA
DEPT. OF PROCUREMENT
2005 MAR - 1 PM 2:18

Having successfully completed negotiations for the subject project, DOA is recommending award to the top-ranked proponent, **Kellee Communications**.

If additional information is required, please contact our Contract Services Unit at 404-209-3175, ext. 151.

xc: M. Diaz
E. Kaalund
K. Mastin
M. Coleman
M. Eady
A. Williams
G. Geeter
C. Brome
File





CITY OF ATLANTA

Shirley Franklin
MAYOR

OFFICE OF CONTRACT COMPLIANCE
55 TRINITY AVENUE, S.W., SUITE 1700
ATLANTA, GEORGIA 30335
OFFICE (404) 330-6010
FAX (404) 658-7359

2005 JAN 14 11 29 AM
CITY OF ATLANTA
DEPT. OF PROCUREMENT

MEMORANDUM

TO: Adam L. Smith, Chief Procurement Officer
Department of Procurement

FROM: Hubert Owens
Office of Contract Compliance

DATE: January 14, 2005

RE: Recommendation for FC# 7708 Public Pay Telephone Concessions

The Office of Contract Compliance has evaluated the proposals for Disadvantaged Business Enterprise (DBE) participation. For your information, the following proponents have committed to utilizing DBEs as indicated below:

<u>Kellee Communications Group</u>	<u>(15pts)</u>	<u>Verizon South, Inc.</u>	<u>(15pts)</u>
Kellee Communication (Self Perform) DBE	56.4%	TDM, Inc. DBE	27.0%
Paracom South DBE	4.7 %	Participation Total	100.0%
Business Traveler Services, Inc. DBE	8.8%		
Participation Total	69.9%		

If you have questions, please contact me at (404) 330-6010 or Larry Scott at (404) 330-6016.

cc: File

Girard Geeter, DOP

Clarissa Brome, DOP

CLARISSA BROME
CONTRACTING OFFICER

PROJECT NAME:
PUBLIC PAY PHONE CONCESSIONS

PROJECT NAME:

[illegible]

**DEPARTMENT OF AVIATION
LEGISLATION SUMMARY**

TO: TRANSPORTATION COMMITTEE

CAPTION:

**A RESOLUTION AUTHORIZING THE MAYOR OR HER
DESIGNEE TO EXECUTE A CONCESSION LEASE
AGREEMENT WITH KELLEE COMMUNICATIONS GROUP,
INC., FOR FC-7708-04, PUBLIC PAY PHONES CONCESSIONS,
TO INSTALL, MAINTAIN AND REPAIR PUBLIC PAY
TELEPHONES, PRE-PAID CALLING CARD MACHINES, AND
DOLLAR-CHANGE MAKING MACHINES, AT HARTSFIELD-
JACKSON ATLANTA INTERNATIONAL AIRPORT; AND FOR
OTHER PURPOSES.**

REQUESTING DEPT.:	Department of Aviation
CONTRACT TYPE	Concession Lease Agreement
SOURCE SELECTION	Sealed Proposals
BIDS/PROPOSALS DUE:	September 1, 2004
INVITATIONS ISSUED:	135
BIDS/PROPOSALS RECEIVED:	2
BIDDERS/PROPONENTS:	VERIZON COMMUNICATIONS KELLEE COMMUNICATIONS GROUP

BACKGROUND:

Kellee Communications Group has operated at the Airport since 1994. They provide the public pay telephone service and other related services throughout the Airport. They have operated as a hold over tenant since the agreement expired in 1999. In 2002, the City issued a Request for Proposal ("RFP") for the public pay telephone services at the Airport. AT&T and Kellee Communications Group, as the joint venture partner, were awarded the lease agreement. However, before the lease agreement was executed, AT&T decided to terminate its pay telephone operations and the City re-issued an RFP. The most current RFP was prepared on September 1, 2004, and two proponents submitted proposals; Verizon Communications and Kellee Communications Group. After extensive review of the submissions, Kellee Communications Group was selected as the most qualified, responsive and responsible proponent. Kellee Communications Group shall pay the City \$610,597.50 Minimum Annual Guarantee ("MAG") or 35% of Gross Revenue, whichever is higher. In addition, Kellee Communications group will invest an estimated \$811,000 dollars in state of the art equipment.

SOURCE OF FUNDING:

Revenue Generating

TERM OF CONTRACT:

Five (5) years with one (1) five (5)-year renewal option

EVALUATION TEAM:

Aviation, Finance Department, Contract Compliance and Risk Management

Legislative White Paper

FC-7708-04, Public Pay Telephones Concessions

Committee of Purview: Transportation

Caption: A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A CONTRACTUAL CONCESSION LEASE AGREEMENT WITH KELLEE COMMUNICATIONS GROUP, INC., FOR FC-7708-04, PUBLIC PAY PHONES CONCESSIONS, TO INSTALL, MAINTAIN AND REPAIR PUBLIC PAY TELEPHONES, PRE-PAID CALLING CARD MACHINES, AND DOLLAR-CHANGE MAKING MACHINES, AT HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT, AND FOR OTHER PURPOSES.

Council Meeting Date: May 2, 2005

Legislation Title: A RESOLUTION

Requesting Dept.: Department of Aviation

Contract Type: Professional Services

Source Selection: Sealed Proposals

Bids/Proposals Due: September 1, 2004

Invitations Issued: 135

**Number of Bids/
Proposals Received:** 2

Bidders/Proponents: VERIZON COMMUNICATIONS
KELLEE COMMUNICATIONS GROUP

Justification Statement: The City solicited bids for FC-7708-04, Public Pay Telephones Concessions, on behalf of the Department of Aviation for a qualified Pay Telephone Firm to provide the traveling public with services such as: public pay telephones, pre-paid calling card machines, and dollar-change making machines.

Background: Kellee Communications has operated at the Airport since 1994. They provide the public pay telephone service and other related services throughout the Airport. They have operated as a hold-over tenant since the agreement expired in 1999. In 2002, the City issued a Request for Proposal ("RFP") for the public pay telephone services at the Airport. AT&T and Kellee Communications, as the joint venture partner, were awarded the lease agreement. However, before the lease agreement was

executed AT&T decided to terminate its pay telephone operation and the City had to reissue an RFP. The most current RFP was prepared and Verizon Communications and Kellee Communications submitted proposals on September 1, 2004. Kellee Communications Group has been selected as the winning proponent. Kellee Communications offered to pay the City \$610,597.50 Minimum Annual Guarantee ("MAG") or 35% of Gross Revenue, whichever is higher.

On November 15, 2004, Verizon Communication filed a Notice of Protest to appeal the selection of Kellee Communications Group. The Chief Procurement Officer and the Law Department conducted an investigation and determined that Verizon's protest was without merit. On November 24, 2004, the Chief Procurement Officer denied Verizon's protest.

Fund Account Center: Revenue Generating

Source of Funds: N/A

Fiscal Impact: N/A

Term of Contract: Five (5) years with one (1) five-year renewal option

Method of Cost Recovery: N/A

Approvals:

DOF: Yes

DOL: Yes

Prepared By: Clarissa Brome/Marlene Coleman

Contact Number: 6379 or (404/209-2061)

[NOTE FROM AVIATION: This is the first year's Minimum Annual Guarantee (MAG), based on the requirements written in the RFP.

The City will establish the minimum rent to be paid by the Successful Proponent for each year of the proposed agreement hereinafter Minimum Annual Guarantee. In order to establish the MAG for year one, the City shall multiply the percentage rent proposed (the minimum percentage proponent can propose is 20%) by proponent by 85% of year one Gross Receipts. Year's two (2) through five (5), the MAG will be the higher of the previous year's MAG or eighty five percent (85%) of the previous year's rent.

**TERM SHEET -Pay Telephone
For FC-7708-04**

TENANT: Kellee Communications Group, Inc, a full service public communications provider, is a minority owned and operated company that is a certified DBE company.

PREMISES: Kellee Communications Group will install, maintain and repair public pay telephones, prepaid calling card machines, and dollar machines throughout the Airport. During the term of the Agreement, new locations may become available. The Aviation General Manager may negotiate with Kellee Communications to operate in the new areas.

TERM: The Term of the agreement shall be five years from the date of the execution of the agreement by Kellee Communications Group and the CITY (hereinafter "Commencement Date"). The agreement shall be subject to one five-year renewal at the option of the City, upon written notice to Kellee Communications Group at least ninety (90) days prior to the end of the fifth year of the Term.

SERVICE:

The following are the number of phones, prepaid phone card vending machines, pay email/internet machines and game machines Kellee proposes to install:

1. 500 payphones will be installed in existing wall, pedestal and sit-down payphone enclosures. All customers will be able to access all carriers; dial coin international calls; obtain operator assistance on all calls; dial credit card and calling card calls; and obtain rates prior to completing any long distance call.
2. 70 prepaid calling card machines will be in existing wall and pedestal payphone enclosures. All customers will be able to use the cards from any payphone or non-payphones either inside or outside of the Airport. All cards will be rechargeable.
3. 75 pay email/internet access machines will be installed in existing wall, pedestal and sit-down pay enclosure. All customers will be able to access their personal and/or business internet service provider.
4. 50 game machines will be installed in existing wall pedestal and sit-down enclosures.

(The number of pay phones and other equipment may be increased or decreased with prior written approval by the Aviation General Manager.)

5. Kellee Communications Group will use the following firms to assist them in providing services at the Airport:

- Phone1, Inc., will provide out-of-state long-distance phone calls, in-state long distance phone calls, and international phone calls;
- Bell South will provide local call services;
- Business Traveler Services will operate the game machines and;
- Datawave will provide the prepaid phone cards.

RATES: Reasonable rates sold as minutes of use, in line with prevailing market conditions, for prepaid calling card machines shall be proposed; the per minute rates for domestic long distance calling shall be posted. Such rates shall not exceed \$0.50 per minute, plus a reasonable connection fee, which shall not exceed \$1.25.

HOURS OF OPERATION: Kellee Communications Group, Inc. must provide the telecommunications services to the public 24 hours a day seven (7) days a week, including holidays.

MAINTENANCE: Maintenance coverage shall cover hardware parts, cleaning service labor, telephone and telephone line maintenance, and database management. Kellee Communications Group shall maintain spare parts and equipment for the repair or replacement of defective equipment. Maintenance service hours are based upon 24 hours day seven (7) days a week operation, including holidays. Any telephones requiring maintenance will be repaired or replaced within forty-eight (48) hours of the reported problem.

CUSTOMER SERVICE: Kellee Communications Group, Inc. understands and agrees its operation is a service to the airline passengers and Airport users, and it shall conduct its operation in a first class, businesslike, efficient, courteous and accommodating manner.

RENTAL PAYMENT: For the rights and privileges granted by the agreement, Kellee Communications Group agrees to pay fees, rents and charges as follows:

1. For year one of the Contract: Kellee Communications Group, Inc. shall pay the Airport on a monthly basis the higher of (1/12) of ² \$610,597.50 Minimum Annual Guarantee ("MAG") or a Percentage of Gross Revenue ("Percentage Fee").

Percentage Fee Schedule

Long Distance:	35%
¹ Per Call Compensation:	35%
Prepaid Cards:	35%
Internet Service:	25%
Game Services	25%

Years 2 through 5 the MAG will be the higher of the previous year's MAG or eighty-five percent of the previous year's rent.

2. Method of Payment: Rent will be paid monthly in advance beginning on the Commencement Date of the Agreement. Kellee Communications Group, Inc. will pay 1/12th of the MAG on the first day of each month thereafter. By the fifteenth day of each month, Kellee Communications Group will submit a report on a form provided by the DOA of total transactions and Gross Receipts received during the previous month, along with calculation of rent to be paid and a check for any additional rent owing for the previous month.

IMPROVEMENTS: All costs for building improvement repairs, equipment, and maintenance, during the term of the Agreement, shall be the Kellee Communications Group sole responsibility. Within the first one hundred eighty (180) day period following the Commencement Date, Kellee Communications Group shall complete all renovations and build-out of all locations, including all construction inspections and issuance of all certificates of occupancy/beneficial use. Kellee Communications Group shall be ready to offer services to the public 180 days after the Commencement Date. Notwithstanding the renovation and build-out work to be performed, during the 180-day period, Kellee Communications Group shall pay rent during that period as set forth in the agreement. Kellee Communications Group will invest an estimated \$811,000 in installing new equipment at the Airport.

1. Per Call Compensation is a fee that the Federal Communication Commission (FCC) installed in 1997 for toll free telephone number (All 1- 800 numbers) providers to compensate the pay telephone owners/operators for carrying the toll free phone call. The compensation fee is \$0.439 per call. The compensation fee is collected quarterly 6 months in arrears. The pay phone operator/owner pays a firm \$0.039 per call to collect the compensation fee. The Airport's commission for the Per Call Compensation will be paid quarterly.
2. This is the first year's MAG based on the requirements written in the RFP. (see below)
The City will establish minimum rent to be paid by the successful proponent for each year of the proposed agreement herein after Minimum Annual Guarantee or MAG. In order to establish the MAG for year one, the City shall multiply the percentage rent proposed (the minimum percentage proponent can propose is 20%) by proponent by 85% of year one Gross Receipts. Years 2 through 5 the MAG will be the higher of the previous year's MAG or eighty-five percent of the previous year's rent.